

Select Committee on Pension Policy

P.O. Box 40914
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April 20, 2004

10:30 AM - 12:30 PM

Senate Hearing Room 4
Olympia

AGENDA

- 10:30 AM **(1) Election of Officers**
(Chair, Vice Chair, Executive Committee Members)
- 10:50 AM **(2) Approval of Day's Agenda**
- 11:00 AM **(3) Session Update**
– Bob Baker, Senior Research Analyst
- 11:30 AM **(4) Interim Work Plan**
– Matt Smith, State Actuary
- Noon **(5) Meeting Dates**
– Laura Harper, Senior Research Analyst Legal
- 12:30 PM **(6) Adjourn**

Representative Gary Alexander

Elaine M. Banks
TRS Retirees

Marty Brown, Director
Office of Financial Management

Senator Don Carlson

John Charles, Director*
Department of Retirement Systems

Representative Steve Conway*
Chair

Richard Ford
PERS Retirees

Senator Karen Fraser

Representative Bill Fromhold

Leland A. Goeke*
TRS and SERS Employers

Bob Keller
PERS Actives

Corky Mattingly
PERS Employers

Doug Miller
PERS Employers

Glenn Olson
PERS Employers

Representative Cheryl Pflug

Diane Rae
TRS Actives

Senator Debbie Regala

J. Pat Thompson*
PERS Actives

David Westberg
SERS Actives

Senator Shirley Winsley*
Vice Chair

***Executive Committee**

Persons with disabilities needing auxiliary aids or services for purposes of attending or participating in Select Committee on Pension Policy meetings should call (360) 753-9144. TDD 1-800-635-9993

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Select Committee on Pension Policy - 2004

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Select Committee on Pension Policy

Election of Officers

(March 31, 2004)

Issue Election Of Officers

Staff Laura Harper – 360-586-7616

The election of officers is governed by RCW 41.04.276(3).

"The committee shall elect a chairperson and a vice-chairperson."

Chair:

Senate member in even-numbered years, House member in odd-numbered years.

Vice-Chair:

House member in even-numbered years, Senate member in odd-numbered years.

The establishment of an executive committee is governed by RCW 41.04.276(4).

"The committee shall establish an executive committee of five members...."

- Chair
- Vice-chair
- Active member representative
- Employer representative
- Director of the Department of Retirement systems in odd-numbered years, Director of the Office of Financial Management in even-numbered years.

Select Committee on Pension Policy

Rules of Procedure

- RULE 1. Membership. The Committee shall consist of 20 members: two from each caucus of the legislature, four active members or representatives of active members of the state retirement systems, two retired members or representatives of retired members of the state retirement systems, four employer representatives, and the Directors of the Department of Retirement Systems and the Office of Financial Management.

The Directors of the Department of Retirement Systems and the Office of Financial Management may appoint alternates from their respective agencies for membership on the SCPP.

- RULE 2. Meetings. The Select Committee on Pension Policy (SCPP) will typically meet once each month during the Legislative Interim. Additional meetings may be called by the Chair of the SCPP or Executive Committee as deemed necessary.

- RULE 3. Rules of Order. All meetings of the SCPP, its Executive Committee, or any subcommittee created by the SCPP shall be governed by Reed's Parliamentary Rules, except as specified by applicable law or these Rules of Procedure.

- RULE 4. Quorum. A majority of the 20 committee members shall constitute a quorum of the Full Committee (11 members). A majority of the members appointed to a subcommittee shall constitute a quorum of the subcommittee.

- RULE 5. Voting. A majority of the 20 committee members must vote in the affirmative for an official action of the SCPP to be valid (11 members), a majority of those committee members present must vote in the affirmative on procedural matters (at least 6 members), unless provided otherwise in statute or these Rules of Procedure. A majority of the members appointed to a subcommittee must vote in the affirmative for an official action of a subcommittee to be valid; a majority of those subcommittee members present must vote in the affirmative on procedural matters, unless provided otherwise in statute or these Rules of Procedure.

- RULE 6. Minutes. Minutes summarizing the proceedings of each SCPP meeting and subcommittee shall be kept. These minutes will include member attendance, official actions taken at each meeting, and persons testifying.

- RULE 7. SCPP Chair, Vice Chair, Executive Committee and Subcommittees. An Executive Committee shall be established and shall include five members. Reorganization elections shall take place at the first meeting of the year as follows: First the Chair

shall be elected and then the Vice Chair shall be elected. The Chair shall be a member of the Senate in even-numbered years and a member of the House of Representatives in odd-numbered years. The Vice Chair shall be a member of the House in even-numbered years and a member of the Senate in odd-numbered years.

Two members of the Executive Committee shall then be elected, one member representing active members and one member representing employers. In addition, the Director of the Department of Retirement Systems and the Director of the Office of Financial Management shall alternate membership on the Executive Committee. The Director of the Department of Retirement Systems will serve on the Executive Committee in odd-numbered years; the Director of the Office of Financial Management in even-numbered years.

Executive Committee members may designate an alternate to attend Executive Committee meetings in the event they cannot attend. Alternates shall be members of the SCPP who represent the same member group as the elected Executive Committee member.

Subcommittees of the SCPP may be formed upon recommendation of the Executive Committee. The creation of the subcommittee and appointment of members shall be voted on by the full SCPP.

RULE 8. Duties of Officers.

- A. The Chair shall preside at all meetings of the SCPP and Executive Committee, except that the Vice Chair shall preside when the Chair is not present. In their absence, an Executive Committee member may preside.
- B. The State Actuary shall prepare and maintain a record of the proceedings of all meetings of the SCPP Committee, Executive Committee, and SCPP Subcommittees.
- C. The Executive Committee shall perform all duties assigned to it by these Rules of Procedure, such other duties delegated to it by the SCPP, and shall set meeting agendas and recommend actions to be taken by the SCPP.
- D. A recommendation to refer an issue to the Assistant Attorney General will be approved by the Chair or by a majority vote of the Executive Committee. The Chair or the Committee will consider priorities of the SCPP of all legal issues and budget constraints in making this decision.


Advice from the Attorney General's Office to the Chair or the Committee may be subject to the attorney client privilege. When subject to the privilege, Committee members are advised to maintain the advice as confidential. The privilege may be waived only by vote of the Committee.

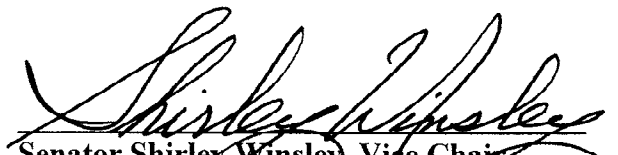
- E. The State Actuary may refer requests for information or services by Select Committee on Pension Policy members that are directly related to current Committee projects or proposals and/or require a significant use of OSA resources to either the Chair of the SCPP or the Executive Committee. Such requests will be approved by either the Chair or by a majority vote of the Executive Committee prior to initiation and completion by the OSA. The Executive Committee will consider priorities of all current OSA projects and budget constraints in making this decision.

RULE 9. Expenses. Legislators' travel expenses shall be paid by the member's legislative body; state employees' expenses shall be paid by their employing agency; other SCPP members' travel expenses shall be reimbursed by the Office of the State Actuary in accordance with RCW 43.03.050 and 43.03.060.

RULE 10. Staff. The Office of the State Actuary shall provide staff and technical assistance to the Committee.

Adopted September 16, 2003, by the Select Committee on Pension Policy.


Representative Steve Conway, Chair


Senator Shirley Winsley, Vice Chair

CERTIFICATION OF ENROLLMENT

SUBSTITUTE HOUSE BILL 1204

Chapter 295, Laws of 2003

58th Legislature
2003 Regular Session

SELECT COMMITTEE ON PENSION POLICY

EFFECTIVE DATE: 7/27/03

Passed by the House April 26, 2003
Yeas 79 Nays 18

FRANK CHOPP

Speaker of the House of Representatives

Passed by the Senate April 25, 2003
Yeas 48 Nays 0

BRAD OWEN

President of the Senate

Approved May 14, 2003.

GARY LOCKE

Governor of the State of Washington

CERTIFICATE

I, Cynthia Zehnder, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **SUBSTITUTE HOUSE BILL 1204** as passed by the House of Representatives and the Senate on the dates hereon set forth.

CYNTHIA ZEHNDER

Chief Clerk

FILED

May 14, 2003 - 3:25 p.m.

**Secretary of State
State of Washington**

SUBSTITUTE HOUSE BILL 1204

AS AMENDED BY THE SENATE

Passed Legislature - 2003 Regular Session

State of Washington

58th Legislature

2003 Regular Session

By House Committee on Appropriations (originally sponsored by Representatives Fromhold, Delvin, Conway, Alexander, Pflug, Anderson, Cooper and Chase; by request of Joint Committee on Pension Policy)

READ FIRST TIME 03/04/03.

1 AN ACT Relating to creating the select committee on pension policy;
2 amending RCW 41.50.110, 44.44.040, 41.40.037, 41.45.020, 41.45.090,
3 41.45.110, 44.04.260, and 44.44.030; reenacting and amending RCW
4 41.32.570; adding new sections to chapter 41.04 RCW; creating a new
5 section; decodifying RCW 41.54.061; and repealing RCW 44.44.015,
6 44.44.050, and 44.44.060.

7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

8 NEW SECTION. **Sec. 1.** A new section is added to chapter 41.04 RCW
9 to read as follows:

10 (1) The select committee on pension policy is created. The select
11 committee consists of:

12 (a) Four members of the senate appointed by the president of the
13 senate, two of whom are members of the majority party and two of whom
14 are members of the minority party. At least three of the appointees
15 shall be members of the senate ways and means committee;

16 (b) Four members of the house of representatives appointed by the
17 speaker, two of whom are members of the majority party and two of whom
18 are members of the minority party. At least three of the appointees

1 shall be members of the house of representatives appropriations
2 committee;

3 (c) Four active members or representatives from organizations of
4 active members of the state retirement systems appointed by the
5 governor for staggered three-year terms, with no more than two
6 appointees representing any one employee retirement system;

7 (d) Two retired members or representatives of retired members'
8 organizations of the state retirement systems appointed by the governor
9 for staggered three-year terms, with no two members from the same
10 system;

11 (e) Four employer representatives of members of the state
12 retirement systems appointed by the governor for staggered three-year
13 terms; and

14 (f) The directors of the department of retirement systems and
15 office of financial management.

16 (2)(a) The term of office of each member of the house of
17 representatives or senate serving on the committee runs from the close
18 of the session in which he or she is appointed until the close of the
19 next regular session held in an odd-numbered year. If a successor is
20 not appointed during a session, the member's term continues until the
21 member is reappointed or a successor is appointed. The term of office
22 for a committee member who is a member of the house of representatives
23 or the senate who does not continue as a member of the senate or house
24 of representatives ceases upon the convening of the next session of the
25 legislature during the odd-numbered year following the member's
26 appointment, or upon the member's resignation, whichever is earlier.
27 All vacancies of positions held by members of the legislature must be
28 filled from the same political party and from the same house as the
29 member whose seat was vacated.

30 (b) Following the terms of members and representatives appointed
31 under subsection (1)(d) of this section, the retiree positions shall be
32 rotated to ensure that each system has an opportunity to have a retiree
33 representative on the committee.

34 (3) The committee shall elect a chairperson and a vice-chairperson.
35 The chairperson shall be a member of the senate in even-numbered years
36 and a member of the house of representatives in odd-numbered years and
37 the vice-chairperson shall be a member of the house of representatives

1 in even-numbered years and a member of the senate in odd-numbered
2 years.

3 (4) The committee shall establish an executive committee of five
4 members, including the chairperson, the vice-chairperson, one member
5 from subsection (1)(c) of this section, one member from subsection
6 (1)(e) of this section, and one member from subsection (1)(f) of this
7 section, with the directors of the department of retirement systems and
8 the office of financial management serving in alternate years.

9 (5) Nonlegislative members of the select committee serve without
10 compensation, but shall be reimbursed for travel expenses under RCW
11 43.03.050 and 43.03.060.

12 (6) The office of state actuary under chapter 44.44 RCW shall
13 provide staff and technical support to the committee.

14 NEW SECTION. **Sec. 2.** A new section is added to chapter 41.04 RCW
15 to read as follows:

16 (1) The select committee on pension policy may form three function-
17 specific subcommittees, as set forth under subsection (2) of this
18 section, from the members under section 1(1) (a) through (e) of this
19 act, as follows:

20 (a) A public safety subcommittee with one member from each group
21 under section 1(1) (a) through (e) of this act;

22 (b) An education subcommittee with one member from each group under
23 section 1(1) (a) through (e) of this act; and

24 (c) A state and local government subcommittee, with one retiree
25 member under section 1(1)(d) of this act and two members from each
26 group under section 1(1) (a) through (c) and (e) of this act.

27 The retiree members may serve on more than one subcommittee to
28 ensure representation on each subcommittee.

29 (2)(a) The public safety subcommittee shall focus on pension issues
30 affecting public safety employees who are members of the law
31 enforcement officers' and fire fighters' and Washington state patrol
32 retirement systems.

33 (b) The education subcommittee shall focus on pension issues
34 affecting educational employees who are members of the public
35 employees', teachers', and school employees' retirement systems.

36 (c) The state and local government subcommittee shall focus on

1 pension issues affecting state and local government employees who are
2 members of the public employees' retirement system.

3 **Sec. 3.** RCW 41.50.110 and 1998 c 341 s 508 are each amended to
4 read as follows:

5 (1) Except as provided by RCW 41.50.255 and subsection (6) of this
6 section, all expenses of the administration of the department (~~((and))~~),
7 the expenses of administration of the retirement systems, and the
8 expenses of the administration of the office of the state actuary
9 created in chapters 2.10, 2.12, 41.26, 41.32, 41.40, 41.34, 41.35,
10 (~~((and))~~) 43.43, and 44.44 RCW shall be paid from the department of
11 retirement systems expense fund.

12 (2) In order to reimburse the department of retirement systems
13 expense fund on an equitable basis the department shall ascertain and
14 report to each employer, as defined in RCW 41.26.030, 41.32.010,
15 41.35.010, or 41.40.010, the sum necessary to defray its proportional
16 share of the entire expense of the administration of the retirement
17 system that the employer participates in during the ensuing biennium or
18 fiscal year whichever may be required. Such sum is to be computed in
19 an amount directly proportional to the estimated entire expense of the
20 administration as the ratio of monthly salaries of the employer's
21 members bears to the total salaries of all members in the entire
22 system. It shall then be the duty of all such employers to include in
23 their budgets or otherwise provide the amounts so required.

24 (3) The department shall compute and bill each employer, as defined
25 in RCW 41.26.030, 41.32.010, 41.35.010, or 41.40.010, at the end of
26 each month for the amount due for that month to the department of
27 retirement systems expense fund and the same shall be paid as are its
28 other obligations. Such computation as to each employer shall be made
29 on a percentage rate of salary established by the department. However,
30 the department may at its discretion establish a system of billing
31 based upon calendar year quarters in which event the said billing shall
32 be at the end of each such quarter.

33 (4) The director may adjust the expense fund contribution rate for
34 each system at any time when necessary to reflect unanticipated costs
35 or savings in administering the department.

36 (5) An employer who fails to submit timely and accurate reports to
37 the department may be assessed an additional fee related to the

1 increased costs incurred by the department in processing the deficient
2 reports. Fees paid under this subsection shall be deposited in the
3 retirement system expense fund.

4 (a) Every six months the department shall determine the amount of
5 an employer's fee by reviewing the timeliness and accuracy of the
6 reports submitted by the employer in the preceding six months. If
7 those reports were not both timely and accurate the department may
8 prospectively assess an additional fee under this subsection.

9 (b) An additional fee assessed by the department under this
10 subsection shall not exceed fifty percent of the standard fee.

11 (c) The department shall adopt rules implementing this section.

12 (6) Expenses other than those under RCW 41.34.060((+2+)) (3) shall
13 be paid pursuant to subsection (1) of this section.

14 **Sec. 4.** RCW 44.44.040 and 1987 c 25 s 3 are each amended to read
15 as follows:

16 The office of the state actuary shall have the following powers and
17 duties:

18 (1) Perform all actuarial services for the department of retirement
19 systems, including all studies required by law. ~~((Reimbursement for
20 such services shall be made to the state actuary pursuant to the
21 provisions of RCW 39.34.130 as now or hereafter amended.))~~

22 (2) Advise the legislature and the governor regarding pension
23 benefit provisions, and funding policies and investment policies of the
24 state investment board.

25 (3) Consult with the legislature and the governor concerning
26 determination of actuarial assumptions used by the department of
27 retirement systems.

28 (4) Prepare a report, to be known as the actuarial fiscal note, on
29 each pension bill introduced in the legislature which briefly explains
30 the financial impact of the bill. The actuarial fiscal note shall
31 include: (a) The statutorily required contribution for the biennium
32 and the following twenty-five years; (b) the biennial cost of the
33 increased benefits if these exceed the required contribution; and (c)
34 any change in the present value of the unfunded accrued benefits. An
35 actuarial fiscal note shall also be prepared for all amendments which
36 are offered in committee or on the floor of the house of
37 representatives or the senate to any pension bill. However, a majority

1 of the members present may suspend the requirement for an actuarial
2 fiscal note for amendments offered on the floor of the house of
3 representatives or the senate.

4 (5) Provide such actuarial services to the legislature as may be
5 requested from time to time.

6 (6) Provide staff and assistance to the committee established under
7 (~~RCW 46.44.050~~) section 1 of this act.

8 NEW SECTION. **Sec. 5.** A new section is added to chapter 41.04 RCW
9 to read as follows:

10 The select committee on pension policy has the following powers and
11 duties:

12 (1) Study pension issues, develop pension policies for public
13 employees in state retirement systems, and make recommendations to the
14 legislature;

15 (2) Study the financial condition of the state pension systems,
16 develop funding policies, and make recommendations to the legislature;

17 (3) Consult with the chair and vice-chair on appointing members to
18 the state actuary appointment committee upon the convening of the state
19 actuary appointment committee established under section 13 of this act;
20 and

21 (4) Receive the results of the actuarial audits of the actuarial
22 valuations and experience studies administered by the pension funding
23 council pursuant to RCW 41.45.110. The select committee on pension
24 policy shall study and make recommendations on changes to assumptions
25 or contribution rates to the pension funding council prior to adoption
26 of changes under RCW 41.45.030, 41.45.035, or 41.45.060.

27 **Sec. 6.** RCW 41.32.570 and 2001 2nd sp.s. c 10 s 3 and 2001 c 317
28 s 1 are each reenacted and amended to read as follows:

29 (1)(a) If a retiree enters employment with an employer sooner than
30 one calendar month after his or her accrual date, the retiree's monthly
31 retirement allowance will be reduced by five and one-half percent for
32 every seven hours worked during that month. This reduction will be
33 applied each month until the retiree remains absent from employment
34 with an employer for one full calendar month.

35 (b) The benefit reduction provided in (a) of this subsection will

1 accrue for a maximum of one hundred forty hours per month. Any monthly
2 benefit reduction over one hundred percent will be applied to the
3 benefit the retiree is eligible to receive in subsequent months.

4 (2) Any retired teacher or retired administrator who enters service
5 in any public educational institution in Washington state and who has
6 satisfied the break in employment requirement of subsection (1) of this
7 section shall cease to receive pension payments while engaged in such
8 service, after the retiree has rendered service for more than one
9 thousand five hundred hours in a school year. When a retired teacher
10 or administrator renders service beyond eight hundred sixty-seven
11 hours, the department shall collect from the employer the applicable
12 employer retirement contributions for the entire duration of the
13 member's employment during that fiscal year.

14 (3) The department shall collect and provide the state actuary with
15 information relevant to the use of this section for the ((joint))
16 select committee on pension policy.

17 (4) The legislature reserves the right to amend or repeal this
18 section in the future and no member or beneficiary has a contractual
19 right to be employed for more than five hundred twenty-five hours per
20 year without a reduction of his or her pension.

21 **Sec. 7.** RCW 41.40.037 and 2001 2nd sp.s. c 10 s 4 are each amended
22 to read as follows:

23 (1)(a) If a retiree enters employment with an employer sooner than
24 one calendar month after his or her accrual date, the retiree's monthly
25 retirement allowance will be reduced by five and one-half percent for
26 every eight hours worked during that month. This reduction will be
27 applied each month until the retiree remains absent from employment
28 with an employer for one full calendar month.

29 (b) The benefit reduction provided in (a) of this subsection will
30 accrue for a maximum of one hundred sixty hours per month. Any benefit
31 reduction over one hundred percent will be applied to the benefit the
32 retiree is eligible to receive in subsequent months.

33 (2)(a) A retiree from plan 1 who has satisfied the break in
34 employment requirement of subsection (1) of this section and who enters
35 employment with an employer may continue to receive pension payments
36 while engaged in such service for up to one thousand five hundred hours
37 of service in a calendar year without a reduction of pension. When a

1 plan 1 member renders service beyond eight hundred sixty-seven hours,
2 the department shall collect from the employer the applicable employer
3 retirement contributions for the entire duration of the member's
4 employment during that calendar year.

5 (b) A retiree from plan 2 or plan 3 who has satisfied the break in
6 employment requirement of subsection (1) of this section may work up to
7 eight hundred sixty-seven hours in a calendar year in an eligible
8 position, as defined in RCW 41.32.010, 41.35.010, or 41.40.010, or as
9 a fire fighter or law enforcement officer, as defined in RCW 41.26.030,
10 without suspension of his or her benefit.

11 (3) If the retiree opts to reestablish membership under RCW
12 41.40.023(12), he or she terminates his or her retirement status and
13 becomes a member. Retirement benefits shall not accrue during the
14 period of membership and the individual shall make contributions and
15 receive membership credit. Such a member shall have the right to again
16 retire if eligible in accordance with RCW 41.40.180. However, if the
17 right to retire is exercised to become effective before the member has
18 rendered two uninterrupted years of service, the retirement formula and
19 survivor options the member had at the time of the member's previous
20 retirement shall be reinstated.

21 (4) The department shall collect and provide the state actuary with
22 information relevant to the use of this section for the ((joint))
23 select committee on pension policy.

24 (5) The legislature reserves the right to amend or repeal this
25 section in the future and no member or beneficiary has a contractual
26 right to be employed for more than five months in a calendar year
27 without a reduction of his or her pension.

28 **Sec. 8.** RCW 41.45.020 and 2002 c 26 s 4 are each amended to read
29 as follows:

30 As used in this chapter, the following terms have the meanings
31 indicated unless the context clearly requires otherwise.

32 (1) "Council" means the pension funding council created in RCW
33 41.45.100.

34 (2) "Department" means the department of retirement systems.

35 (3) "Law enforcement officers' and fire fighters' retirement system
36 plan 1" and "law enforcement officers' and fire fighters' retirement

1 system plan 2" means the benefits and funding provisions under chapter
2 41.26 RCW.

3 (4) "Public employees' retirement system plan 1," "public
4 employees' retirement system plan 2," and "public employees' retirement
5 system plan 3" mean the benefits and funding provisions under chapter
6 41.40 RCW.

7 (5) "Teachers' retirement system plan 1," "teachers' retirement
8 system plan 2," and "teachers' retirement system plan 3" mean the
9 benefits and funding provisions under chapter 41.32 RCW.

10 (6) "School employees' retirement system plan 2" and "school
11 employees' retirement system plan 3" mean the benefits and funding
12 provisions under chapter 41.35 RCW.

13 (7) "Washington state patrol retirement system" means the
14 retirement benefits provided under chapter 43.43 RCW.

15 (8) "Unfunded liability" means the unfunded actuarial accrued
16 liability of a retirement system.

17 (9) "Actuary" or "state actuary" means the state actuary employed
18 under chapter 44.44 RCW.

19 (10) "State retirement systems" means the retirement systems listed
20 in RCW 41.50.030.

21 (11) "Classified employee" means a member of the Washington school
22 employees' retirement system plan 2 or plan 3 as defined in RCW
23 41.35.010.

24 (12) "Teacher" means a member of the teachers' retirement system as
25 defined in RCW 41.32.010(15).

26 (13) "Select committee" means the select committee on pension
27 policy created in section 1 of this act.

28 **Sec. 9.** RCW 41.45.090 and 1998 c 283 s 7 are each amended to read
29 as follows:

30 The department shall collect and keep in convenient form such data
31 as shall be necessary for an actuarial valuation of the assets and
32 liabilities of the state retirement systems, and for making an
33 actuarial investigation into the mortality, service, compensation, and
34 other experience of the members and beneficiaries of those systems.
35 The department and state actuary shall enter into a memorandum of
36 understanding regarding the specific data the department will collect,

1 when it will be collected, and how it will be maintained. The
2 department shall notify the state actuary of any changes it makes, or
3 intends to make, in the collection and maintenance of such data.

4 At least once in each six-year period, the state actuary shall
5 conduct an actuarial experience study of the mortality, service,
6 compensation and other experience of the members and beneficiaries of
7 each state retirement system, and into the financial condition of each
8 system. The results of each investigation shall be filed with the
9 department, the office of financial management, the budget writing
10 committees of the Washington house of representatives and senate, the
11 select committee on pension policy, and the pension funding council.
12 Upon the basis of such actuarial investigation the department shall
13 adopt such tables, schedules, factors, and regulations as are deemed
14 necessary in the light of the findings of the actuary for the proper
15 operation of the state retirement systems.

16 **Sec. 10.** RCW 41.45.110 and 1998 c 283 s 3 are each amended to read
17 as follows:

18 The pension funding council shall solicit and administer a biennial
19 actuarial audit of the actuarial valuations used for rate-setting
20 purposes. This audit will be conducted concurrent with the actuarial
21 valuation performed by the state actuary. At least once in each six-
22 year period, the pension funding council shall solicit and administer
23 an actuarial audit of the results of the experience study required in
24 RCW 41.45.090. Upon receipt of the results of the actuarial audits
25 required by this section, the pension funding council shall submit the
26 results to the select committee on pension policy.

27 NEW SECTION. **Sec. 11.** RCW 41.54.061 is decodified.

28 **Sec. 12.** RCW 44.04.260 and 2001 c 259 s 1 are each amended to read
29 as follows:

30 The joint legislative audit and review committee, the legislative
31 transportation committee, the ((joint)) select committee on pension
32 policy, the legislative evaluation and accountability program
33 committee, and the joint legislative systems committee are subject to
34 such operational policies, procedures, and oversight as are deemed
35 necessary by the facilities and operations committee of the senate and

1 the executive rules committee of the house of representatives to ensure
2 operational adequacy of the agencies of the legislative branch. As
3 used in this section, "operational policies, procedures, and oversight"
4 includes the development process of biennial budgets, contracting
5 procedures, personnel policies, and compensation plans, selection of a
6 chief administrator, facilities, and expenditures. This section does
7 not grant oversight authority to the facilities and operations
8 committee of the senate over any standing committee of the house of
9 representatives or oversight authority to the executive rules committee
10 of the house of representatives over any standing committee of the
11 senate.

12 NEW SECTION. **Sec. 13.** (1) The state actuary appointment committee
13 is created. The committee shall consist of: (a) The chair and ranking
14 minority member of the house of representatives appropriations
15 committee and the chair and ranking minority member of the senate ways
16 and means committee; and (b) four members of the select committee on
17 pension policy appointed jointly by the chair and vice-chair of the
18 select committee, at least one member representing state retirement
19 systems active or retired members, and one member representing state
20 retirement system employers.

21 (2) The state actuary appointment committee shall be jointly
22 chaired by the chair of the house of representatives appropriations
23 committee and the chair of the senate ways and means committee.

24 (3) The state actuary appointment committee shall appoint or remove
25 the state actuary by a two-thirds vote of the committee. When
26 considering the appointment or removal of the state actuary, the
27 appointment committee shall consult with the director of the department
28 of retirement systems, the director of the office of financial
29 management, and other interested parties.

30 (4) The state actuary appointment committee shall be convened by
31 the chairs of the house of representatives appropriations committee and
32 the senate ways and means committee (a) whenever the position of state
33 actuary becomes vacant, or (b) upon the written request of any four
34 members of the appointment committee.

35 **Sec. 14.** RCW 44.44.030 and 2001 c 259 s 11 are each amended to
36 read as follows:

1 (1) Subject to RCW 44.04.260, the state actuary shall have the
2 authority to select and employ such research, technical, clerical
3 personnel, and consultants as the actuary deems necessary, whose
4 salaries shall be fixed by the actuary and approved by the ~~((joint~~
5 ~~committee on pension policy))~~ the state actuary appointment committee,
6 and who shall be exempt from the provisions of the state civil service
7 law, chapter 41.06 RCW.

8 (2) All actuarial valuations and experience studies performed by
9 the office of the state actuary shall be signed by a member of the
10 American academy of actuaries. If the state actuary is not such a
11 member, the state actuary, after approval by the select committee,
12 shall contract for a period not to exceed two years with a member of
13 the American academy of actuaries to assist in developing actuarial
14 valuations and experience studies.

15 NEW SECTION. Sec. 15. The following acts or parts of acts are
16 each repealed:

17 (1) RCW 44.44.015 (Administration) and 2001 c 259 s 10;

18 (2) RCW 44.44.050 (Joint committee on pension policy--Membership,
19 terms, leadership) and 1987 c 25 s 4; and

20 (3) RCW 44.44.060 (Joint committee on pension policy--Powers and
21 duties) and 1987 c 25 s 5.

Passed by the House April 26, 2003.

Passed by the Senate April 25, 2003.

Approved by the Governor May 14, 2003.

Filed in Office of Secretary of State May 14, 2003.

Select Committee on Pension Policy

Session Update

(April 9, 2004)

SCPP Bills That Passed

\$1,000 Minimum Benefit for PERS 1 and TRS 1 (SSB 6253 - SHB 2538) Ch 85, L of 04

This bill establishes a \$1,000 minimum monthly benefit for PERS 1 and TRS 1 members who have at least twenty-five years of service and who have been retired at least twenty years. Qualifying member's monthly benefits, before applicable reductions (e.g. joint and survivor payment options and optional COLA), will increase to \$1,000 effective July 2004. The new minimum amount will not be subject to the Uniform COLA and will remain in effect until the original benefit calculation, plus annual cost of living increases, exceeds \$1,000.

Asset Smoothing Corridor (SB 6249 - HB 2541) Ch 93, L of 04

This bill adds a 30% market value corridor to the existing asset smoothing method used to determine contribution rates for the state retirement systems. The corridor will ensure that the actuarial value of assets will not exceed 130% of the market value of assets nor drop below 70% of the market value of assets as of the valuation date.

WSP Death in Service (SB 6254 - HB 2534) Ch 170, L of 04

This bill provides the beneficiary of a WSP officer killed in the course of employment, and who had 10 years of service, a survivor benefit that is not actuarially reduced for early retirement. This bill applies to any member killed in the course of employment, as determined by the director of the Department of Labor and Industries.

***Service Credit Purchase in PERS 2/3, TRS 2/3 or SERS 2/3
(SSB 6251 - HB 2535) Ch 172, L of 04***

This bill provides that a member who applies for early retirement in PERS 2/3, TRS 2/3 or SERS 2/3 may, at the time of retirement, make a one-time purchase up to five years of additional service credit. The cost of the additional service credit is the actuarial value of the increase in the member's benefit. A member may pay all or part of the cost of the additional service credit with a lump sum payment, an eligible rollover, a direct rollover, or a trustee-to-trustee transfer from a qualified retirement plan. Additional service credit purchased at time of retirement is not membership service, and may not be used to qualify a member for retirement. Such a purchase will help off-set the benefit reductions for early retirement.

***Public Safety Employees' Retirement System (PSERS) Plan 2
(SB 6246 - HB 2537) Ch 242, L of 04***

This bill creates the Public Safety Employees Retirement System (PSERS) Plan 2. Full-time, fully compensated employees in the following job classes will be eligible for membership in the new PSERS plan:

- State and county corrections officers
- State and local community corrections officers
- City corrections officers (other than the employees covered under the first-class cities retirement system)
- State park rangers
- Gambling commission enforcement officers
- Liquor control enforcement officers
- Commercial vehicle enforcement officers

Prospective membership in PSERS will be offered to public safety employees enrolled in PERS 2 or 3 on July 1, 2006. These employees will have from July 1, 2006 to September 30, 2006 to choose to remain in PERS 2 or 3, or become a member of the PSERS. Employees who have not chosen to become a member of the PSERS by September 30, 2006 will remain a member of PERS.

Employees hired into public safety positions on or after July 1, 2006, will become members of the PSERS unless they have previously established membership in PERS 1, in which case they will remain in PERS.

The plan provides a retirement allowance equal to 2% of a member's average final compensation for each year of service credit. Members will be eligible for:

- Normal retirement at age 65 with at least 5 years of service credit.
- Unreduced retirement at age 60 with at least 10 years of service credit in PSERS.
- Early retirement at age 53 with at least 20 years of service credit with the retirement allowance reduced 3% per year prior to age 60.
- Disability retirement after 10 years of service credit in PSERS; allowance is actuarially reduced for each year the member retires prior to age 60.

Non SCPP Bills That Passed

LEOFF 2 Duty Disability Benefits (LEOFF 2 Board request legislation) (SB 6279 - HB 2418) Ch 4, L of 04

This bill provides that LEOFF 2 members who leave service because of a line of duty disability may be eligible for either:

- 150 percent of their accumulated member contributions, not subject to federal income tax, or
- A retirement allowance of at least 10 percent of their final average salary (AFS). If the actuarially reduced service disability benefit is a greater benefit than the 10 percent minimum, the member receives the greater benefit with the first 10 percent of AFS not subject to federal income tax.

The line-of-duty disability benefit applies to all LEOFF 2 members disabled in the line of duty on or after January 1, 2001.

LEOFF 2 Death in the Course of Employment (LEOFF 2 Board request legislation) (SB 6278 - HB 2419) Ch 5, L of 04

This bill provides the beneficiary of a LEOFF 2 member killed in the course of employment and who had 10 years of service, a survivor benefit that is not actuarially reduced for early retirement. This bill applies to any member killed in the course of employment, as determined by the director of the Department of Labor and Industries.

***Charter Schools
(E2SHB 2295) Ch 22, L of 04***

This bill provides for the creation of charter schools. A maximum of 45 charters can be granted from July 1, 2004 through June 30, 2010. The bill provides that charter schools are employers and charter school employees are members of the Teachers' Retirement System, the School Employees' Retirement System, and the Public Employees' Retirement System.

SCPP Bills That Did Not Pass

***Early Retirement Factor Buy Down in PERS 2/3 or SERS 2/3
(SB 6252 - HB 2536)***

This bill would have provided a PERS 2/3 or SERS 2/3 member who applies for early retirement the option, at the time of retirement, to "buy-down" or purchase an offset to all or part of the early retirement reduction that would be made to his or her pension. The cost of the buy-down would be the actuarial equivalent value of the resulting increase in the member's benefit. The member would have paid all or part of the cost of the buy-down with a lump sum payment, an eligible rollover, a direct rollover, or a trustee-to-trustee transfer from a qualified retirement plan.

***Age 66 COLA
(SB 6248 - HB 2539)***

This bill would have changed the PERS 1 and TRS 1 age requirements for receipt of the annual increase. A PERS 1 or TRS 1 retiree who had been receiving an allowance for at least one year would have received a Uniform COLA increase beginning July 1 of the calendar year that the retiree turned age 66.

***Plan 3 Vesting
(SB 6247 - HB 2540)***

This bill would have reduced the required length of service for vesting in the defined benefit portion of PERS 3, SERS 3, and TRS 3 from 10 years to 5 years.

**Part-Time ESAs
(SB 6250 - HB 2542)**

This bill would have allowed members of TRS Plan 1 who were employed less than full time as psychologists, social workers, nurses, physical therapists, occupational therapists, or speech language pathologists or audiologists to annualize their salaries when calculating their average final compensation.

Non-SCPP Bills That Did Not Pass

Senate Bill #	House Bill #	Bill Title
	HB 2346	Investing in Washington
	HB 2415	Veteran Status for Merchant Mariners
	HB 2416	LEOFF 1 70% Cap
	HB 2630	SIB Oversight and Accountability
	HB 2640	TRS 1 Post-retirement Employment
	HB 2901	Volunteer Fire Post-retirement Employment
	HB 2914	LEOFF 1 60% Cap Removal
	SHB 2952	Leave Sharing in PERS and SERS
SB 6375		PERS / TRS Post-retirement Employment
SB 6479		PERS 3 Sick Leave Cash Out
SB 6492		TRS Plan 1 military service (Interest determined by Director)
SB 6578	HB 2961	Military Leave
SB 6743		TRS Plan 1 military service (6% Contribution)
	SHB 3035	Compensation/Benefits for Active Military/State Employees
	HB 3114	LEOFF Disability Boards
	HB 3173	LEOFF 1 Survivor Benefits
	HB 3174	LEOFF 1 Medical Account
SB 6610		SERS Service Credit Transfer
SSB 6071		Veterans of Afghanistan and Persian Gulf War II

Select Committee on Pension Policy

Proposed Interim Work Plan

(April 8, 2004)

Project Title: **Gain-Sharing**

Level of Complexity: High

Priority: ____

Expected First Hearing: June

Lead Staff: Bob Baker

Project Description: As background, provide an explanation and briefing on current gain-sharing provisions. Include distinction between Plans 1 and 3. Lay foundation for discussion of pre-funding gain-sharing. Outline policy options.

Project Title: **Military Service Credit**

Level of Complexity: Medium

Priority: ____

Expected First Hearing: June

Lead Staff: Laura Harper

Project Description: Brief members on requirements of federal law. Explain current provisions. Distinguish prior and interruptive service. Consider whether to make new opportunities to get credit for prior service, and/or determine whether to expand salary and benefit protections for employees covered by USERRA. Outline policy options.

Project Title: **Working Until Age 65**

Level of Complexity: High

Priority: ____

Expected First Hearing: July

Lead Staff: Laura Harper

Project Description: Not defined.

Project Title: **Retiree Health Insurance**

Level of Complexity: High

Priority: ____

Expected First Hearing: July

Lead Staff: Bob Baker

Project Description: Not defined.

Project Title: **Adequacy of Benefit**

Level of Complexity: Medium

Priority: ____

Expected First Hearing: August

Lead Staff: Bob Baker

Project Description: Not defined.

Project Title: **Pension Funding Council - Audit and Recommendations**

Level of Complexity: Medium

Priority: ____

Expected First Hearing: August

Lead Staff: Laura Harper

Project Description: Brief Committee members on the statutory provisions regarding the Pension Funding Council (PFC) audit process, SCPP recommendations to the PFC, and results of the audit report.

Project Title: **School District Payroll Reporting**

Level of Complexity: Medium

Priority: ____

Expected First Hearing: September

Lead Staff: Bob Baker

Project Description: Explain background and history leading up to this request. Explain DRS' statutory reporting requirements and reasons for the requirements. Explain how the request differs from current practice. Outline policy options.

SELECT COMMITTEE ON PENSION POLICY

Proposed Meeting Schedule

(April 21, 2004)

April 20, 2004

10 AM - 12:30 PM, Senate Hearing Room 4

Election of Officers
Session Update
Interim Work Plan
Meeting Dates

May 18, 2004

10 AM - 4 PM, Senate Hearing Room 4

Orientation

June 2004

Gain-sharing
Military Service Credit

July 2004

Gain-sharing
Working Until Age 65
Retiree Health Insurance

August 2004

Gain-sharing
Working Until Age 65
Retiree Health Insurance
Adequacy of Benefit
Pension Funding Council Audit and
Recommendations

September 2004

Working Until Age 65
Adequacy of Benefit
School District Payroll Reporting
Retiree Health Insurance

October 2004

School District Payroll Reporting

November 2004

Legislation

December 2004

Legislation



**Washington State
School Retirees Association**

4726 Pacific Ave. SE

Lacey, WA 98503-1216

• PHONE (360) 413-5496

MEMORANDUM

TO: Select Committee on Pension Policy (SCPP)

FROM: Robert Warnecke, WSSRA Legislative Chair
Ed Gonion, WSSRA Executive Director

DATE: March 30, 2004

SUBJECT: Request for SCPP Consideration of WSSRA's Legislative Priorities

RECEIVED

APR 2 2004

OFFICE OF
THE CLERK OF
THE HOUSE OF REPRESENTATIVES

On behalf of the approximately 16,000 members of the Washington State School Retirees' Association (WSSRA), we join you in looking forward to a productive '04 Interim. An important component in achieving enactment of legislative proposals put forth by organizations representing the interests of Washington State's retirees, employees, and employers is adoption of such proposals as SCPP request legislation. The Legislature's enactment of the SCPP request legislation, SHB 2538 ~ the \$1,000 Minimum Benefit, is a prime example.

Listed below are three top priority issues which we ask that the SCPP include on their agenda for consideration during the '04 Interim:

RECOVERY OF LOST PURCHASING POWER

AGE 66 COLA

ANNUALIZATION OF GAIN SHARING

The reports presented to the SCPP during the '03 Interim by the Office of the State Actuary (OSA), stated that many TRS/PERS Plan 1 retirees have experienced significant declines to their pensions' purchasing power. We look forward to working with the OSA, Department of Retirement System, and SCPP on the development of proposals to address this critical problem.

Thank you.

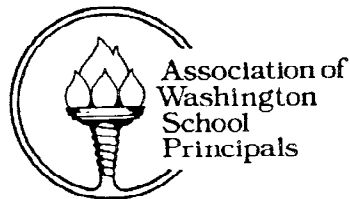
cc: Matt Smith, Office of the State Actuary



RECEIVED

APR 5 - 2004

Office of
The State Actuary



April 2, 2004

The Honorable Steve Conway
Chair, Select Committee on Pension Policy
PO Box 40600
Olympia, WA 98504-0600

The Honorable Shirley Winsley
Vice Chair, Select Committee on Pension Policy
PO Box 40428
Olympia, WA 98504-0428

Mr. Matthew Smith, State Actuary
Office of the State Actuary
Box 40914
Olympia, WA 98504-0914

Dear Representative Conway, Senator Winsley and Mr. Smith:

As the Select Committee on Pension Policy (SCPP) considers issues for possible study during this 2004 interim, I am requesting that the Office of State Actuary inform the SCPP that the following legislative issues are of priority to the Washington Association of School Administrators (WASA) and the Association of Washington School Principals (AWSP):

- TRS Plan 1 Military/Uniformed Service – Provide similar uninterrupted military/uniformed service credit for TRS 1 members as is available for those in PERS 1 members (See SB 6743 from 2004). **This issue was recommended by the SCPP to be placed on the 2004 interim study agenda at the Executive Committee's November 18, 2003 meeting.**
- Plan 3 Vesting – Decrease the length of vesting for Plan 3 members for Ten years to five years (See SB 6247/HB 2540) from 2004). **This issue was recommended by the SCPP to the 2004 Legislature.**
- Plan 1 Uniform COLA at AGE 66 – Provides that TRS 1 and PERS 1 members can start receiving the Uniform COLA on July 1 of the calendar year the member turns 66 years of age (See SB 6258/HB 2539 for 2004). **This issue was recommended by the SCPP to the 2004 Legislature.**
- Plan 2 and 3 ERRF – Lower the service year requirement for TRS, SERS and PERS Plan 2 and 3 members to take advantage of the 3% early retirement reduction factor (ERRF) from 30 to 25 years.
- Gain Sharing – Improve the gain-sharing formula for members of the state retirement systems. Decrease the 10% earning threshold to 8 %; annualize the calculation of any possible gain sharing; and allow retiree discretion in how funds are distributed.
- Retirement Governance – Give retirement system members further involvement in the governance of their pension systems. Have the SCPP set contribution rates rather than the PFC; increase representation of active and retired public employees within the SCPP; and give overall "Trust Fund" status to the state's public employee pension funds.

Washington Association of School Administrators
825 5th Avenue SE, Olympia WA 98501
360.943.5717 Fax: 360.352.2043
Association of Washington School Principals
1021 8th Avenue SE, Olympia WA 98501
360.357.7951 Fax: 360.357.7966

Representative Conway
Senator Winsley
Mr. Smith
April 2, 2004
Page Two

- As Paid/As Earned DRS Income Reporting – Allow school districts, on an optional basis, to report income to DRS on an "as paid" basis rather than "as earned". **This issue was discussed at the October 2003 SCPP meeting and was decided to be tabled until the 2004 SCPP interim meetings.**
- Plan 2 Member Access to PEBB – Allow Plan 2 members access to PEBB retiree health benefits upon separation in parity with Plan 3 members (Age 55 with at least 10 years of service)
- Out-of-State Service Credit – Revisit, through study, the issue of the use of out-of-state service credit. Examine the pension impact on Plan 2 and 3 members that come into our state bringing service credit from other states. Study alternative ways to improve retirement options for members having out-of-state service credit.

Your assistance in bringing these priorities before the Select Committee on Pension Policy is appreciated. If additional information is needed, please contact me at either WASA or AWSP or my home (253.759.2390).

Sincerely,



John Kvamme, Consultant
Washington Association of School Administrators
Association of Washington School Principals



RECEIVED

MAR 26 2004

Office of
Washington Association of School Business Officials
Washington Association of Maintenance & Operations Administrators

March 23, 2004

Representative Steve Conway, Chair, Select Committee on Pension Policy
Senator Shirley Winsley, Vice Chair, Select Committee on Pension Policy
Mr. Matt Smith, State Actuary
Box 40914
Olympia, WA 98504-0914

Dear Representative Conway, Senator Winsley and Mr. Smith:

This letter is to formally request that the Office of State Actuary advise the Select Committee on Pension Policy that the Alliance of Educational Associations (AEA) would like the pension issue, Earned vs. Paid DRS Reporting, to be placed on the Committee's 2004 Interim agenda.

The Executive Committee of the SCPP discussed this issue in October 2003, and it was decided to table the issue until the 2004 Interim. We have met with a number of legislators and legislative staff during the 2004 Legislative session regarding this issue. We also have scheduled a meeting for April 12 with DRS Director John Charles and DRS Legislative Manager Dave Nelson to discuss the issue.

If you need any additional information, please feel free to contact me. Thank you for including the issue on the 2004 Interim agenda of the SCPP.

Sincerely,

Mitchell E. Denning

Mitchell E. Denning, Ph.D.
Alliance of Educational Associations Consultant

Cc: Rep. Bill Fromhold
Sen. Don Carlson
John Kvamme, WASA
Barbara Mertens, WASA
Fred High, Kent School District
Ray Kurth, Puyallup School District
Margo Stewart, WASBO President
Russ Nickel, WASBO Executive Director
Matthew Benuska, Lake Washington School District

4007 SW 325th Street
Federal Way, Washington 98023-245807
E-mail: bjdubu@aol.com
Home : (253) 874-3982

December 2, 2003

Select Committee on Pension Policy
P.O. Box 40914
Olympia, Washington 98504-0914

Subject: Extended School Year Matters for the 2004 Interim Session

Dear Members,

1. There are two WAC definitions which currently have a negative impact on extended school year members of TRS 1. This matter is a continuation of the effort to bring fairness and equality to this small group of overlooked TRS 1 members.
2. The two terms, "school year" and "contract period", are not currently defined in RCW 41.32.010, Definitions. However, both are currently defined in WAC 415-112-015, as being the same as DRS's fiscal year, July through June. These definitions do not take into account that there are TRS 1 members whose contract school year period extends beyond June 30. DRS has indicated that legislative action (statutory definitions in RCW 41.32.010) is required to bring about revision of these WAC definitions.
3. A specific proposal concerning this matter will be submitted to the SCPP prior to the initial committee meeting for the 2004 Interim Session. This may be an appropriate subject for review by the SCPP's education sub-committee, because DRS may desire to provide input concerning its rationale for the existing definitions being limited to the fiscal year time period.
4. Thank you for the time considering this request to review these two terms for inclusion as new terms requiring clarification in RCW 41.32.010. I would appreciate a response from the SCPP staff concerning the matter being included as an agenda item during the 2004 SCPP Interim Session.

Respectfully,


Bobby J. Woolley

International Association of Fire Fighters



King County Paramedics
Local 2595

P.O. Box 5310, Kent, WA 98064-5310
206-296-8550



RECEIVED

APR 19 2004

Office of
The State Actuary

Select Committee on Pension Policy
PO Box 40914
Olympia, WA.
98504-0914

12 April 2004

Dear Committee Members,

For over a decade the Paramedics employed by King County Medic One have struggled to correct a pension situation that has plagued our Paramedic program since its inception in 1976. As one of only six Paramedic programs in King County, we remain the only one who has not been given access into the LEOFF system. Further, we are the only publicly-employed Paramedics left in this state who have not been granted access into the LEOFF system. Our program provides Paramedic service to all of south King County and currently employs seventy full-time Paramedics. Ten of these Paramedics are in PERS 1, and the remainder are in PERS 2. Several members have LEOFF service credit from prior employment with Fire or Police departments.

As a mature EMS system we are now seeing the original Paramedics who started the Medic One Program in south King County struggle to remain on the job beyond the age of 60. The physical and emotional challenges of providing pre-hospital medicine makes it nearly impossible for an individual to work until age 65 without retiring early with an unacceptable actuarial reduction in benefits. All other publicly employed Paramedics are eligible to retire without an actuarial reduction at age 53. Our paramedics are also not eligible for presumptive infectious disease coverage because we are not in the LEOFF system. As advanced life support providers we are the most at risk.

Two sessions ago HB1202 provided LEOFF portability for publicly employed Paramedics whose jobs are transferred to a fire department. We were hopeful that we would be able to take advantage of this legislation, however, a study looking at a transfer of our Paramedic program into the fire service appears to be concluding. Based upon discussions to date, it would appear that a transition to the fire service would be unlikely.

Representatives of our group met with several committee members including Jack Pringle to talk about potential legislation that would remedy this situation. Based upon those discussions, it is our hope that this committee will support a narrow focus bill, specific to our group, that would allow for the LEOFF portability options in HB1202 to be utilized by our members without a transition to the fire service. Additionally, we would like to see further investigation as to why costs for buyback of service credit more than doubled from the projected costs as outlined in the fiscal note attached to the bill. Our understanding is that a statutory interest rate was applied to buyback calculations, which is inflated when compared to today's current interest rates. We have had significant dialog with our employer and we are confident that King County will support our efforts to achieve this goal. It is in all parties interests to find an acceptable solution to this situation as soon as possible. The longer it takes, the more it will cost everyone involved.

Thank you for your consideration of this matter.

I may be reached by e-mail at Chris_Merritt@kcfiremed.org or by pager at 425.323.0502 if you have any questions or suggestions as to how to proceed.

Respectfully,

Chris Merritt, President
King County Paramedics
IAFF Local 2595

RECEIVED - By E-mail

APR 19 2004

Office of
The State Actuary

April 19, 2004

Matt Smith
State Actuary
Olympia, WA

Dear Matt,

I respectfully request that SB 6355 and the companion bill be placed on the agenda for consideration by the Select Pension Committee. I brought this issue to the Committee during the 2003 interim and it was suggested that I have a bill introduced as the Select Committee would not have enough time to advertise and schedule a hearing on this issue. I don't think there was any opposition to the bills. They both passed their respectful committees but failed to get out of Rules.

In talking with the sponsors, Representative Helen Sommers and Senator Sherry Winsley, it was explained that it was due to the short session, the budget priority and the debate over the presidential primary.

This is basically a housekeeping issue dealing with county disability boards. (The existing language is incorrect.) It also addresses a situation in where there are no LEOFF 1 firefighters under the jurisdiction of a county board and consequently no firefighters eligible to elect a firefighter representative to the board.

Please advise me of your decision. I have not had much success in the past in getting issues before the committee. I am perhaps a little naïve regarding the process.

Sincerely,

R.C. Warbrouck, Retired Firefighters of Washington

SENATE BILL 6355

State of Washington

58th Legislature

2004 Regular Session

By Senators Winsley, Fraser, Carlson and McAuliffe

Read first time 01/19/2004. Referred to Committee on Government Operations & Elections.

1 AN ACT Relating to city and county disability boards; amending RCW
2 41.26.110; and declaring an emergency.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 **Sec. 1.** RCW 41.26.110 and 2003 c 30 s 3 are each amended to read
5 as follows:

6 (1) All claims for disability shall be acted upon and either
7 approved or disapproved by either type of disability board authorized
8 to be created in this section.

9 (a) Each city having a population of twenty thousand or more shall
10 establish a disability board having jurisdiction over all members
11 employed by those cities and composed of the following five members:
12 Two members of the city legislative body to be appointed by the mayor;
13 one active or retired fire fighter employed by or retired from the city
14 to be elected by the fire fighters employed by or retired from the city
15 who are subject to the jurisdiction of the board; one active or retired
16 law enforcement officer employed by or retired from the city to be
17 elected by the law enforcement officers employed by or retired from the
18 city who are subject to the jurisdiction of the board; and one member
19 from the public at large who resides within the city to be appointed by

1 the other four members designated in this subsection. Only those
2 active or retired fire fighters and law enforcement officers who are
3 subject to the jurisdiction of the board have the right to elect under
4 this section. All fire fighters and law enforcement officers employed
5 by or retired from the city are eligible for election. Each of the
6 elected members shall serve a two year term. The members appointed
7 pursuant to this subsection shall serve for two year terms: PROVIDED,
8 That cities of the first class only, shall retain existing firemen's
9 pension boards established pursuant to RCW 41.16.020 and existing
10 boards of trustees of the relief and pension fund of the police
11 department as established pursuant to RCW 41.20.010 which such boards
12 shall have authority to act upon and approve or disapprove claims for
13 disability by fire fighters or law enforcement officers as provided
14 under the Washington law enforcement officers' and fire fighters'
15 retirement system act.

16 (b) Each county shall establish a disability board having
17 jurisdiction over all members (~~((residing in the county))~~) employed by or
18 retired from an employer within the county and not employed by a city
19 in which a disability board is established. The county disability
20 board so created shall be composed of five members to be chosen as
21 follows: One member of the legislative body of the county to be
22 appointed by the county legislative body; one member of a city or town
23 legislative body located within the county which does not contain a
24 city disability board established pursuant to subsection (1)(a) of this
25 section to be chosen by a majority of the mayors of such cities and
26 towns within the county which does not contain a city disability board;
27 one active fire fighter or retired fire fighter employed by or retired
28 from an employer within the county to be elected by the fire fighters
29 employed or retired (~~((in))~~) from an employer within the county who are
30 not employed by or retired from a city in which a disability board is
31 established and who are subject to the jurisdiction of (~~((the))~~) that
32 board; one law enforcement officer or retired law enforcement officer
33 employed by or retired from an employer within the county to be elected
34 by the law enforcement officers employed in or retired from an employer
35 within the county who are not employed by or retired from a city in
36 which a disability board is established and who are subject to the
37 jurisdiction of (~~((the))~~) that board; and one member from the public at
38 large who resides within the county but does not reside within a city

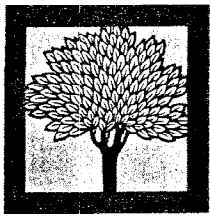
1 in which a city disability board is established, to be appointed by the
2 other four members designated in this subsection. However, in counties
3 with a population less than sixty thousand, the member of the
4 disability board appointed by a majority of the mayors of the cities
5 and towns within the county that do not contain a city disability board
6 must be a resident of one of the cities and towns but need not be a
7 member of a city or town legislative body. Only those active or
8 retired fire fighters and law enforcement officers who are subject to
9 the jurisdiction of the board have the right to elect under this
10 section. All fire fighters and law enforcement officers employed by or
11 retired from an employer within the county who are not employed by or
12 retired from a city in which a disability board is established are
13 eligible for election. All members appointed or elected pursuant to
14 this subsection shall serve for two year terms. If there are no fire
15 fighters under the jurisdiction of the board eligible to vote, a second
16 eligible employee representative shall be elected by the law
17 enforcement officers eligible to vote. If there are no law enforcement
18 officers under the jurisdiction of the board eligible to vote, a second
19 eligible representative shall be elected by the fire fighters eligible
20 to vote.

21 (2) The members of both the county and city disability boards shall
22 not receive compensation for their service upon the boards but the
23 members shall be reimbursed by their respective county or city for all
24 expenses incidental to such service as to the amount authorized by law.

25 (3) The disability boards authorized for establishment by this
26 section shall perform all functions, exercise all powers, and make all
27 such determinations as specified in this chapter.

28 NEW SECTION. Sec. 2. This act is necessary for the immediate
29 preservation of the public peace, health, or safety, or support of the
30 state government and its existing public institutions, and takes effect
31 immediately.

--- END ---



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David Scott, Vice President
Armand L. Tiberio, Executive Director
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April 20, 2004

TO: Steve Conway, Chair
Members of the Select Committee on Pension Policy

FROM: Randy Parr, Budget Analyst-Lobbyist


RE: **WEA Interim Pension Priorities**

As you begin your deliberations over the 2004 interim, here are our priorities on pension issues on behalf of the 76,000 members of the Washington Education Association.

We would request that you again visit the issues recommended previously by the committee that weren't acted upon by the legislature this past session. In that regard, three issues key to our membership failed to gain adoption:

- Five year vesting for Plan 3 members (HB2540/SB6247);
- TRS annualized salaries for part-time Educational Staff Associates (ESA's) (HB2442/SB6250)
- Age 66 COLA (HB2539/SB6248)

At our annual Representative Assembly in March, our members directed the WEA to advocate a new issue, not previously studied by the Select Committee. We would now seek your consideration of proposing legislation that would allow employees hired new to the TRS and SERS systems to have an option for membership in either Plan 2 or in Plan 3. This change would be consistent with the provision for new employees in PERS.

Finally, as we testified before the committee last interim, we would seek your continued consideration of the impact the cost of health insurance benefits has on retirees' pension benefit. We would advocate the committee fully exploring how other states have confronted this issue, and explore the possibility of incorporating a health benefit as part of the overall pension benefit.

Cc: Charles Hasse, President
Dave Scott, Vice-President
Kathy Wallentine, President WEA-Retired

Select Committee on Pension Policy

Meeting Dates

Notice Requirements, Open Public Meetings Act

(April 8, 2004)

Issue Meeting Dates, Notice Requirements, Open Public Meetings Act

Staff Laura Harper – 360-586-7616

Regular Meetings

- The SCPP establishes a time for regular meetings by official action.
- On or before January of each year, a schedule of the time and place of regular meetings is filed with the code reviser.
- The regular meeting schedule is published in the Washington state register.
- Any change from the regular meeting schedule must be published in the state register for distribution at least twenty (20) days prior to the rescheduled meeting date.
- No agenda or other description of the business to be transacted is required for regular meetings.

Special Meetings

- Written notice must be delivered to each member of the committee, either personally or by mail.
- Written notice must be delivered to each local radio or television station which has on file a written request to be notified of special meetings.
- Written notice must be given at least 24 hours before the time of the meeting, and must specify the business to be transacted. Action may be taken only on matters identified in the written notice (i.e. agenda is not flexible).

Emergency Meetings

- An emergency involves injury or damage to persons or property or the likelihood of such injury or damage.
- No notice is required for emergency meetings if the time requirements of notice are impractical and would increase the likelihood of injury or damage.